

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 EB-07 COME-00 AGR-05 TRSE-00

TAR-01 CIAE-00 INR-07 NSAE-00 PA-01 PRS-01 USIA-06

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 0243

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EAGR, ETRD, EEC, FR, IT

SUBJECT: FRENCH-ITALIAN "WINE WAR"

1. ACCORDING TO PRESS REPORTS AND MINISTRY OF FOREIGN AFFAIRS (MFA) REPS, FRENCH VITICULTURISTS HAVE ORGANIZED BOYCOTT OF ITALIAN WINE IN SOUTHERN FRANCE. SEVERAL WINE TANKERS HAVE BEEN PREVENTED FROM UNLOADING THEIR CARGO OF ITALIAN WINE IN SOUTH FRENCH PORTS AND MIDI WINE PRODUCERS HAVE REPORTEDLY REQUESTED GO TO BLOCK IMPORTS FROM ITALY.

2. ACCORDING MFA REP CALAMIA (DIRECTOR, EC-GATT AFFAIRS), PROBLEM STEMS FROM EXCESS PRODUCTION IN BOTH FRANCE AND ITALY AND FRENCH COMMITMENTS TO ALGERIA. WITH MORE WINE AVAILABLE

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IN FRANCE THAN MARKET CAN ABSORB, AND EXPORTS WEAK AS RESULT

OF TOO HIGH PRICES AND BORDEAUX "WINE GATE SCANDAL", FRENCH PRODUCERS DO NOT WELCOME ITALIAN IMPORTS.

3. BOTH ITALIAN PRESS AND MFA DESCRIBE FRENCH BOYCOTT AS CONTRARY TO LETTER AND SPIRIT OF EC REGULATIONS. ITALIAN AGRICULTURE MINISTER MARCORA HAS INFORMALLY CORRESPONDED WITH HIS FRENCH COUNTERPART BONNET, BUT AS YET SITUATION HAS NOT "RETURNED TO NORMAL." GOI MAY SHORTLY BE FORCED BY DOMESTIC PRESSURES TO RAISE ISSUE FORMALLY IN BRUSSELS, BUT PRIVATE MFA REPS EXPRESS GREAT UNDERSTANDING FOR "PROBLEMS OF PUBLIC ORDER" WHICH MAY CONFRONT GOI IF SOME RELIEF NOT AVAILABLE FOR FRENCH PRODUCERS.

4. GOI APPARENTLY FAVORS MASSIVE DESTILLATION PROGRAM TO CONVERT SURPLUS WINE TO INDUSTRIAL ALCOHOL, DESCRIBING RECENT EC DECISION PERMITTING DESTILLATION 5 MILLION HECTALITERS AS STEP IN RIGHT DIRECTION. GOI MIGHT ALSO SUPPORT SUBSIDIZED EXPORT TO "NON-TRADITIONAL" MARKETS SUCH AS USSR. THIS SOLUTION HAS BEEN RECOMMENDED IN SOME OF QUALITY ITALIAN PRESS.

5. COMMENT: GOI RELUCTANT PRESS GOI, REMEMBERING ITALIAN IMPOSITION IMPORT DEPOSITS ON AGRICULTURAL PRODUCTS (INCLUDING THOSE FROM OTHER EC COUNTRIES) LAST MAY, WHICH ACTION WAS TAKEN WITHOUT PRIOR CONSULTATIONS. MOREOVER WINE BOYCOTT IS PRIVATE RATHER THAN GOVERNMENT INITIATIVE. MFA HOPES SHIPMENT TO FRANCE CAN BE RESUMED WITHOUT FORMALLY RAISING ISSUE IN BRUSSELS. VOLPE

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